

**8/1/78 [1]**

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# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Letter	P.M. Karamanlis to Pres. Carter, w/attachments 5 pp., re:Correspondence w/foriegn Head of State	8/1/78	A
Cabinet Summaries	<del>Andrew Young to Pres. Carter, 1 pg., re:UN activities</del>  <i>Opened per RAC NLC-126-13-32-1-1, 6/12/13</i>	7/28/78	A

## FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential  
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THE PRESIDENT'S SCHEDULE

Tuesday - August 1, 1978

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8:15 Dr. Zbigniew Brzezinski - The Oval Office.

9:00  
(15 min.) Congressman George H. Mahon - The Oval Office.

9:30  
(15 min.) Congressman David E. Bonior and the Vietnam  
Caucus Group. (Mr. Frank Moore).  
The Cabinet Room.

10:30 Mr. Jody Powell - The Oval Office.

11:30  
(30 min.) Vice President Walter F. Mondale,  
Admiral Stansfield Turner, Dr. Zbigniew  
Brzezinski, and Mr. Hamilton Jordan.  
The Oval Office.

12:00  
(30 min.) Lunch with Senator Thomas F. Eagleton.  
The Oval Office.

1:30  
(20 min.) Mr. James McIntyre - The Oval Office.

2:00  
(15 min.) Drop-By Reception Honoring Asian-Americans.  
The State Floor.

3:00  
(15 min.) Video-Tape Interview with NBC News.  
(Mr. Jerry Rafshoon) - The Oval Office.

3:30 Meeting with Mr. Hamilton Jordan et al/  
Scheduling - The Cabinet Room.

8/1/78

3:00

Mr. President:

You will be interviewed today by NBC News for one of their Segment Three features on civil service reform. They will be interviewing a number of other people on the subject, and will probably end up using only a minute or so of your comments. Your goal when talking with them should be to use a few striking sentences or phrases that sum up the problems of civil service, and emphasize the importance of solving it through our plan. We suggest these points:

--In the 92 years since it was created, the Civil Service System has become a mess. Its unbelievable redtape makes it nearly impossible for managers to manage. They can't hire people who can do the job or fire those who can't. The system also discourages the many civil servants who want to do a good job. Too often it rewards medicority as well as merit. Too often the system is looked on as a comfortable escalator. Once you get on, you can ride up through the pay scale for 25 or 30 years, and get off at the top with a fat pension.

--The American taxpayers have a right to expect a good return on their investment in government. The government's programs will only be as good -- and our tax dollars as well spent -- as the people we hire to administer them.

--The civil service reform program is the heart of our efforts to reorganize the government. Throughout the campaign, I said it was time to make the government work

again. We've had too many programs whose good intentions are wasted because of sloppy, inefficient performance. This Administration is determined to turn that situation around -- and civil service reform is where we put our determination on the line.

--What the plan will do: it will give managers greater freedom to use federal workers where they are most urgently needed; it will add risk -- and reward -- to the Civil Service, through a new Senior Executive Service, whose members will be responsible not only for their own performance, but also for the success of the operations they manage. It will make federal workers more accountable for their performance, so that skill will be recognized and rewarded, and incompetence detected and removed. It will increase protection for the legitimate rights of federal workers, through a Merit Systems Protection Board; this will make it easier for whistle blowers to speak out in the public interest.

3:00 PM

THE WHITE HOUSE

WASHINGTON

July 31, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: <sup>SUP 1st</sup> JIM FALLOWS, JERRY DOOLITTLE <sup>JHD</sup>

SUBJECT: Talking Points for NBC Taping, August 1

1. Next year's budget provides more than \$50 billion for salaries and benefits, not including postal service and the military. Taxpayers have a right to expect a good return on this investment -- in the form of productive, responsive and efficient government.
2. But too often the federal civil service rewards mediocrity almost as well as merit. Too often the system is looked on as a comfortable escalator. Once you get on, you can ride up through the pay scale for 25 or 30 years, and get off at the top with a fat pension.
3. Over and over in the campaign, I promised to reorganize our unwieldy and costly bureaucracy. The keystone of my reorganization plan is the civil service reform package now before Congress. The plan provides incentives, accountability, and fair treatment for government workers. The vast majority of conscientious public service workers will be rewarded for their work; the inefficient, lazy or incompetent minority will be fired.

4. The plan sets up a Senior Executive Service whose members will get bonuses and increased retirement benefits for superior performance -- as well as a chance to serve in high-level policy jobs now restricted to political appointees.

5. The plan also will hold Senior Executive Service members responsible not only for their own performance, but also for the success of the operations they manage.

6. And it would cut the unbelievable red tape presently necessary to fire or even discipline unsatisfactory employees and replace them with dedicated public servants.

7. At the same time, the plan would create an independent Merit Systems Protections Board to safeguard the rights of federal employees. It would also legally define unfair labor practices in roughly the same way they are already defined by the National Labor Relations Act for the private sector.

# # #

Asian - Americans

Toji Konoshima

Esther Kee

IMPEI - EEOC/Balke

Kelbrooke - John White

HUD - SBA -

Campaign → White House

3:1 Democrats, '65

Immigration Laws - '65

War in Indo-China

ASEAN Conference - Fri

reception honoring

Asian-Americans...

state floor..white house

8/1/78



SEN. EAGLETON

Rick Hutcheson

forwarding.

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate

Frank Moore

WASHINGTON  
August 1, 1978  
THE WHITE HOUSE



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

*Frank -  
do this  
J*

AUG 1 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Jim McIntyre

SUBJECT: Additional Briefing Notes for Lunch with  
Senator Eagleton

Senator Eagleton has responsibility for the I.G. bill by arrangement with Senator Ribicoff. The bill reported out of Committee last week continues to contain a number of objectionable features. You may wish to emphasize the seriousness of our concerns and the importance of working out committee report language or a committee-sponsored floor amendment that would meet them:

- ° The inclusion, over our objections, of a new Defense Department I.G., without sufficient study (Jack Brooks agrees with us; we have agreed to reconsider next year).
- ° The reassignment of responsibility for all Federal agency internal auditing standards from OMB to GAO, leaving the executive with no control over its own system of accounts (again, this was not in the Brooks bill).
- ° A requirement that the President explain his decision to remove an I.G. to Congress (new in Senate bill).
- ° A requirement that the I.G. send his recommendations for changes in regulations and laws simultaneously (and without amendment) to the agency head and Congress (new in Senate bill).

THE WHITE HOUSE  
WASHINGTON

August 1, 1978

Jim McIntyre

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

The original has been given to Bob Linder.

Rick Hutcheson

cc: Bob Linder



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

July 31, 1978

*Jim -*  
*Minimize*  
*Supplementals*  
*J*

SIGNATURE

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntyre, Jr. *Jim*

SUBJECT: Proposed 1978 Supplemental Appropriations for the  
Small Business Administration's Disaster Loan Fund

Attached for your approval is a request for fiscal year 1978 supplemental appropriations in the amount of \$378 million for the Small Business Administration. A detailed explanation of this request is included in the fact sheet attached to this memorandum. This proposal will provide \$375 million in 1978 for increased capital for the Small Business Administration's Disaster Loan Fund and \$3 million for associated administrative expenses. This capital will enable the Small Business Administration to respond to loan requests arising as a result of recent severe storms and flooding particularly in Louisiana, Texas, California, New York and Minnesota. Without the appropriation of these funds, available capital in the Disaster Loan Fund will be exhausted sometime in early August necessitating the closing down of the loan program.

In our opinion this proposal is consistent with Administration objectives and an orderly government process. This item has been rigorously reviewed by our staff and found to be necessary at this time.

RECOMMENDATION

That you sign the letter transmitting this request to the Congress. Transmittal at this time is recommended in order to allow for proper consideration by the Senate Appropriations Committee. The Committee has indicated that it will expedite action on this request.

Attachment

THE WHITE HOUSE  
WASHINGTON

The President

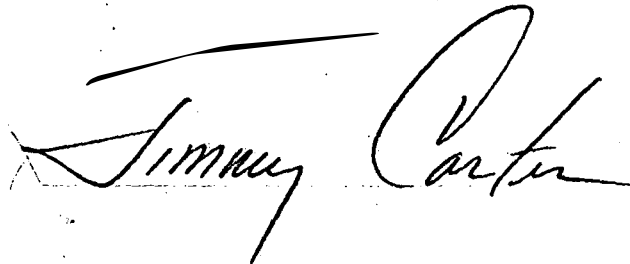
of the Senate

Sir:

I ask the Congress to consider a request for supplemental appropriations for the fiscal year 1978 in the amount of \$378,000,000 for the Small Business Administration.

The details of this proposal are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Respectfully,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Respectfully,".

Enclosure

THE WHITE HOUSE  
WASHINGTON

August 1, 1978

Frank Moore  
Anne Wexler  
Joe Aragon  
Landon Butler  
Jim Gammill  
Dick Moe  
Jerry Rafshoon  
Phil Wise  
Betty Rainwater

The attached was returned in the  
President's outbox today and is  
forwarded to you for your information.

Rick Hutcheson

DEMOCRATIC  
NATIONAL COMMITTEE

1625 Massachusetts Ave., N.W. Washington, D.C. 20036 (202) 797-5900

John C. White  
Chairman

C

MEMORANDUM  
July 28, 1978

TO: PRESIDENT CARTER  
THROUGH: RICK HUTCHESON  
FROM: JOHN C. WHITE *John C. White*  
RE: WEEKLY STATUS REPORT ON DNC OPERATIONS

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GENERAL

Through previous reports, you are aware of the general political and research work conducted by the Democratic National Committee.

---

CANDIDATE CONTACT AND ASSISTANCE

A campaign contribution was made to Congressman Tim Wirth of Colorado and arrangements have been made for delivering of campaign contributions to an additional twelve Congressmen on Monday. (See list attached). Senator Dick Clark of Iowa received a campaign contribution last week.

Attachment to Memorandum from John C. White to President Carter  
July 28, 1978

Congressman Jerry Ambro	New York
Congressman Mike Blouin	Iowa
Congressman Bob Edgar	Pennsylvania
Congressman Peter Kostmayer	Pennsylvania
Congressman Bob Gammage	Texas
Congressman Steve Neal	North Carolina
Congressman Mark Hannaford	California
Congressman Herb Harris	Virginia
Congressman Abner Mikva	Illinois
Congresswoman Helen Meyner	New Jersey
Congressman Tom Foley	Washington
Congressional Candidate Howard Wolpe	Michigan



THE WHITE HOUSE  
WASHINGTON

July 31, 1978

Zbig Brzezinski

The attached was returned in the President's outbox today and is forwarded to you for your information. The originals were given to Frank Moore's staff for delivery.

Rick Hutcheson

THE WHITE HOUSE

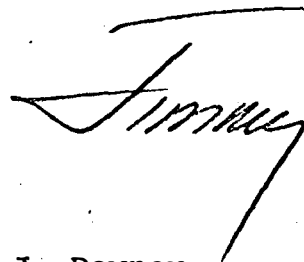
WASHINGTON

August 1, 1978

To Congressman Thomas Downey

I just wanted to let you know that I have read the paper that you and Bob Carr wrote on "Crisis Stability and SALT II" and look forward to discussing with you the issues raised there and other SALT-related issues. In particular, you might give some thought to the priority that might be assigned to various measures to enhance crisis stability (including other measures beyond those which you raised) if not for SALT II then at least as priority items for SALT III.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jimmy", with a long, sweeping horizontal line above it and a vertical line extending downwards from the end.

The Honorable Thomas J. Downey  
House of Representatives  
Washington, D. C. 20515

THE WHITE HOUSE

WASHINGTON

August 1, 1978

To Congressman Robert Carr

I just wanted to let you know that I have read the paper that you and Tom Downey wrote on "Crisis Stability and SALT II" and look forward to discussing with you the issues raised there and other SALT-related issues. In particular, you might give some thought to the priority that might be assigned to various measures to enhance crisis stability (including other measures beyond those which you raised) if not for SALT II then at least as priority items for SALT III.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jimmy", with a long horizontal line above it.

The Honorable Robert M. Carr  
House of Representatives  
Washington, D. C. 20515

THE WHITE HOUSE  
WASHINGTON

8/1/78

rick--

copies of signed letter  
which was given to mahon

thanks--ssc

THE WHITE HOUSE

WASHINGTON

August 1, 1978

To Chairman George Mahon

I am writing to urge elimination of the funds for a nuclear carrier which have been added to the FY 79 Defense Appropriations Bill. At a time when our Nation faces the twin threats of inflation and growing Soviet military power, we simply cannot afford to spend more than \$2 billion for the marginal advantages of a fifth nuclear carrier. We must insure that each dollar we spend for defense will fill a critical need in the most efficient and effective way. The costs of a nuclear carrier simply do not meet that test.

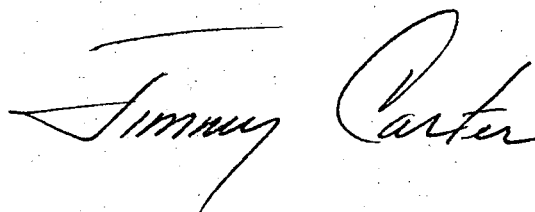
As you know, our shipbuilding program permits us to maintain 12 deployable carriers into the 21st century. Four of these, already built or funded, will be nuclear and can meet the contingencies which require their specialized capability. Such a force will provide the carrier task forces needed for the Navy to perform its wartime sea control and power projection missions, as well as its function of peacetime presence.

The proposed nuclear carrier would be the most expensive ship ever built. Current estimates are at \$2.4 billion, exclusive of outfitting and aircraft, and without the carrier task force ships needed to deploy and defend it.

The history of shipbuilding has taught us that building more expensive and sophisticated ships ultimately leads to a reduced total number. This trend must be reversed. For the cost of a nuclear carrier, we could purchase up to a dozen new surface combatants -- destroyers or frigates.

In light of our overall military requirements, the pressures on our military spending, and the necessity to get the most combat power from those expenditures, I am convinced that a fifth nuclear carrier is not a prudent investment, and I urge that the House delete funding for it in the FY 79 Defense Appropriations Bill.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the typed name.

Honorable George H. Mahon  
Chairman, Committee on  
Appropriations  
House of Representatives  
Washington, D.C. 20515

~~CONFIDENTIAL~~

July 28, 1978

MEMORANDUM

TO: President Carter  
THROUGH: Rick Hutcheson  
FROM: USUN - Ambassador Young  
SUBJECT: U.S. Mission to the United Nations Activities  
July 20 - July 27

SECURITY COUNCIL - NAMIBIA

The Security Council concluded on July 27 the first stage in the implementation of the Western Five's settlement proposal for Namibia. By a vote of 13-0 (with the USSR and Czechoslovakia abstaining) the Council passed the resolution calling on the U.N. Secretary General to draw up a report on the implementation of the proposal and to appoint a Special Representative. By a unanimous vote the Council adopted the Walvis Bay resolution. The Secretary General has announced the appointment of the U.N. Commissioner for Namibia, Martti Ahtisaari, as his Special Representative.

ECOSOC

Committee of the Whole - the Committee has been meeting informally in Geneva and will meet in formal session in New York September 5 - 15. Chairman Jazairy has circulated a draft discussion paper on the meeting's major agenda item: Transfer of Resources. Washington is studying how best to use components of this item as case studies illustrating the way the US would like the Committee of the Whole to conduct its business (as suggested in Ambassador Young's ECOSOC statement).

Illicit Payments - It is still touch-and-go in Geneva for ECOSOC as to whether a US-recommended resolution will be adopted calling for a plenipotentiary conference in 1980 to draft a convention on illicit payments. The major problem is the Group of 77's interest in linking this subject with progress on a code of conduct.

AMBASSADOR YOUNG'S OTHER MEETINGS: Assistant Secretary Maynes, 7/25; Mark Chona and Sam Nujoma, 7/26; Secretary Vance, 7/27; Ambassador Troyanovsky, USSR, 7/27; Foreign Minister Deng, Sudan, 7/27.

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for Preservation Purposes

~~CONFIDENTIAL~~

DECLASSIFIED  
Per: Rac Project  
ESDN: NLC-126-13-324-1  
BY: K3 NARA DATE 6/10/13

THE WHITE HOUSE  
WASHINGTON

August 1, 1978

Jim McIntyre

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

PANAMA COMMISSION



THE WHITE HOUSE  
WASHINGTON

7/28/78

Mr. President:

No objections from  
Senior Staff.

Rick



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

27 JUL 1978

MEMORANDUM FOR: THE PRESIDENT  
FROM: James T. McIntyre, Jr. *JTM*  
SUBJECT: The Panama Canal Commission

As you know, the two major civilian agencies now operating in the Panama Canal Zone -- the Panama Canal Company and the Canal Zone Government -- are to be abolished and a new agency, the Panama Canal Commission, created. Under the supervision of a Board consisting of five United States and four Panamanian nationals, the Commission will be responsible for managing, operating, and maintaining the Canal. The Commission will operate, with substantial Panamanian participation, in territory under the plenary jurisdiction of the Republic of Panama (although the Commission itself will be immune from Panamanian jurisdiction).

OMB has consulted with NSC, Frank Moore's staff, Landon Butler, William Jorden (Ambassador to Panama), State, Defense, Treasury, Transportation, Commerce, and the Office of the Secretary of the Army on a number of issues not settled heretofore. That process has suggested what I believe to be the appropriate resolution of a number of issues. This memo indicates the issues and the decisions I will communicate to the affected agencies unless you indicate otherwise.

ISSUES

1. Lead agency

The Secretary of the Army has had principal oversight responsibility for the Canal for over 25 years; DOD wishes to continue this arrangement, but Transportation wants to assume responsibility. DOD argues for continuity, while Transportation claims that the Canal is primarily a transportation facility and that changed circumstances resulting from the Treaty require a change in agency oversight. There are some concerns that moving responsibility to Transportation will upset the Senate Armed Services

Committee, which will consider legislation implementing the Treaty. Landon Butler, NSC, State and Commerce support the DOD position; Transportation is not supported by any other agency; Frank Moore's staff and Treasury take no position.

I conclude that responsibility should remain with DOD, at least for now, but that the Canal Administrator, who is the American most visible to the Panamanians, henceforth should be a civilian rather than a military person and that at the first opportunity after the 30-month transition period, consideration should be given to moving oversight responsibility to Transportation.

Comment:

ok

## 2. Board membership

Most participants support the idea of making the five U.S. Board members representatives of the five agencies with a major interest in the Canal -- DOD, Transportation, State, Commerce and Treasury. Landon Butler and the Secretary of the Army suggest that Board members be U.S. Government officials, but that they be selected on an individual rather than an agency basis.

I think that under the new circumstances created by the Treaty, wider, formal agency involvement in overall policy direction of Canal operations is necessary and therefore propose that the five principal agencies be represented on the Board.

Comment:

ok

## 3. Overall U.S. policy formulation

The issue here is whether the five U.S. Board members should serve as an interagency coordination group for overall Canal

policy. All participants but DOD support this idea. DOD argues that most problems involving the Canal can be settled between it and State.

It seems clear to me that there should be a Washington-level coordinating group and that having the U.S. Board members handle this task is appropriate.

Comment:

*ok*

#### 4. Role of the U.S. Ambassador

Present policy guidance, including your letter to all our ambassadors last October, would call for the U.S. Ambassador to Panama to have responsibility for the direction, coordination and supervision of the Panama Canal Commission. State and Defense have agreed to an exemption to this policy in this instance. We agree that the unique policymaking environment of the new Commission, with its joint Panamanian-U.S. Board membership and the formal mechanism for coordination of Canal policy by the U.S. Board members as discussed above, will make the role of the Ambassador somewhat redundant with respect to the Commission. We propose, therefore, that in the legislation implementing the Treaty this exemption be made explicit (language attached).

Comment:

*ok*

#### 5. Special Immigration Status

The issue here is to what extent we should grant liberal immigration rights to Panamanian citizens who have been employed by the U.S. Government in Panama for 15 years or more. The Secretary of the Army has urged that these people

and their families be given special immigration status under the Immigration and Nationality Act and that they be exempted from the restrictions in that Act pertaining to physical health and proof that the immigrant will not become a public charge. Although State and Justice have agreed to all these provisions, I think that waiving the public charge restriction of the immigration law would set an undesirable precedent and ought not to be included in the implementing legislation.

Comment:

*If employees in Zone are discharged  
without cause they should be permitted  
to immigrate - otherwise, ok -*

6. Source of Pension Funds

A number of Panamanian citizens who are currently employees of the U.S. Government in the Canal Zone will become employed by the Republic of Panama or the private sector in Panama when the Treaty becomes effective. They will then be eligible to join the Panamanian Social Security system and we have agreed under the Treaty to make a contribution to the Panamanian system for each employee who chooses this course. Our contribution will be equal to the amount of the U.S. Government's contribution to our Civil Service Retirement Fund during the time the individual was employed by a U.S. agency. The Civil Service Commission believes this cost ought to be funded by the general fund of Treasury. State and Treasury believe that this provision should be funded from amounts already credited to the Civil Service Retirement Fund.

I believe that using the Civil Service Retirement Fund to pay this expense is preferable to seeking a new appropriation for this Treaty-related expense.

Comment:

*ok*

Attachment

PROPOSED LANGUAGE ON ROLE  
OF THE U.S. AMBASSADOR

Section 102. Authority of Ambassador

(a) The Ambassador to the Republic of Panama shall have full responsibility for the coordination of the transfer to the Republic of Panama of those functions that are to be assumed by the Republic of Panama pursuant to the Panama Canal Treaty of 1977 and related agreements.

(b) The Administrator of the Panama Canal Commission and personnel under his supervision shall not be subject to the direction or supervision of the United States Chief of Mission in the Republic of Panama with respect to the responsibilities of the Commission for the operation, management or maintenance of the Panama Canal as established in this or other acts, and the Panama Canal Treaty of 1977 and its related agreements; in other respects, section 16 of the Act of August 1, 1956, ch. 841 (22 U.S.C. 2680a) shall be applicable.

WASHINGTON

DATE: 27 JUL 78

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JODY POWELL

JACK WATSON *conv*

ZBIG BRZEZINSKI

JIM GAMMILL

SUBJECT: MCINTYRE MEMO RE THE PANAMA CANAL COMMISSION

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

+++++

ACTION REQUESTED: *If you wish to comment, call by COB today*

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

*4/*

*12/10/78*

WASHINGTON

DATE: 27 JUL 78

FOR ACTION:

1978 JUL 27 AM 11 12

INFO ONLY: THE VICE PRESIDENT STU EIZENSTAT  
FRANK MOORE (LES FRANCIS) JODY POWELL  
JACK WATSON ZBIG BRZEZINSKI  
JIM GAMMILL

SUBJECT: MCINTYRE MEMO RE THE PANAMA CANAL COMMISSION

+++++  
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +  
+ BY: +  
+++++

ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

gpc 7/27/78



THE WHITE HOUSE  
WASHINGTON

August 1, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: ANNE WEXLER *Anne*  
MIKE CHANIN *Mike*

SUBJECT: Meeting of Religious Leaders

After you left the meeting of religious leaders on Monday, they remained in the Cabinet Room and decided as follows:

- They unanimously adopted the statement which they presented to you during the meeting. They are considering the purchase of full-page ads for tomorrow's newspapers.
- They discussed briefly the possibility of a world tour by American religious leaders to report back to you on human needs, the performance of American assistance programs, and how we might improve them. They are keeping this idea confidential while they discuss it among their own organizations. However, if they decide to undertake the tour, they will probably want your endorsement.
- They agreed to meet with staff members again at 1:00 p.m. on August 10 to discuss handling of the Foreign Aid Bill in the Senate. We will add to that meeting a few religious leaders who were unable to attend Monday because of the short notice.

We will work with Zbig and Henry on various follow-up activities on foreign assistance. Given the positive tone of Monday's meeting, we will develop some future meetings on other matters of interest to religious leaders as well as a possible later meeting with you as suggested on Monday--perhaps towards the end of this year. We will provide you some ideas on this at a later date.

9:30 AM

THE WHITE HOUSE

WASHINGTON

July 31, 1978

①

MEETING WITH THE VIETNAM VETERANS' CAUCUS

Tuesday, August 1, 1978

9:30 a.m. (15 minutes)

The Cabinet Room

From: Frank Moore *F.M./BR*

I. PURPOSE

To discuss Vietnam Era Veterans' concerns and Veterans Preference.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

Background: See attached pages.

Participants: The President, Reps. Les Aspin, Dave Bonior, John Cavanaugh, David Cornwell, Chris Dodd, Allen Ertel, Albert Gore, Tom Harkin, John LaFalce, John Murtha, Leon Panetta, Larry Pressler, and Senator John Heinz, Frank Moore, Stu Eizenstat, Valerie Pinson, Terry Straub.

Press Plan: Full Press Coverage.

*WW2 - Kor  
Pensions - old influence*

While attitudes about VEV's vary and are subject to dispute, an objective analysis of their status shows that most VEV's have readjusted successfully and are moving on with their lives. Employment rates, VA benefit usage and earned income levels all show that VEV's as a class compare favorably with non-vets and with vets of previous wars. Significant problems do exist with respect to minority, disabled and disadvantaged VEV's. What is thus required is not massive new programs, but rather a targeting and coordination of existing resources (and some new initiatives) for those VEV's who are having readjustment problems. At Tab A you will find some comparative statistics on VEV's and veterans of other wars. At Tab B you will find a list on non-administration VEV legislation currently on the Hill.

#### BACKGROUND

The Caucus has outlined their four areas of concern:

- ° Readjustment programs are inadequate.
- ° Minority VEV's continue to have extremely high unemployment rates, too many VEV's with jobs are underemployed, and administration employment programs for veterans, like HIRE, were poorly drafted and administered.
- ° The G.I. Bill should be made more adequate by extending the delimiting date for VEV's whose benefits expired before the substantial increases in the Bill in 1974. Furthermore, they would like a tuition adjustment mechanism for those VEV's who attend schools in high tuition states, states that have few inexpensive state supported institutions.
- ° The American public holds the VEV in low esteem; their poor image differs markedly from veterans of past wars.

Incidentally, every member of the Caucus voted for the costly Veterans Pension Bill.

### VEV READJUSTMENT

The Administration has already supported the following readjustment initiatives:

- ° A \$2 million study on VEV readjustment, mandated by P.L. 95-202, is currently underway.
- ° Disability compensation was increased for a total FY 1979 cost of \$378 million.
- ° Authorizing legislation for psychological readjustment for VEVs and their families that will cost \$9.9 million for the first two years.
- ° Halfway-house projects for drug and alcohol abusers; \$2.4 million during the first year and \$6.3 for each of the next three years.
- ° Fifteen new alcohol abuse treatment units; \$3 million.

In our PRM, we proposed to you that:

- ° A Veterans Federal Coordinating Council be established at the White House, whose principle duties will be to coordinate and target resources to VEVs who need them.
- ° Funds for researching the mental health problems of VEVs be increased.
- ° VA modernize and revamp their vocational rehabilitation program for disabled veterans, most of whom will be VEVs; FY 1979 funding \$10 million.
- ° Five additional substance abuse treatment units be added to the fifteen already requested for a total of twenty units at a cost of \$4 million.

Bonior's Caucus claims that we're spending only \$9.9 million for VEV readjustment and that this amount is woefully inadequate. The \$9.9 million, proposed for psychological readjustment, is money over and beyond what we're already spending on VEV readjustment:

- ° \$30 million of \$107 million for drug and alcohol abuse treatment goes to VEVs;

- \$210 million is spend on VEV psychological and psychiatric care;
- Over \$2.2 billion of G.I. Bill benefits is being spent this year on VEVs;
- 60% of VA home loan guarantees went to VEVs last year and have received a total of \$39.2 billion so far, and;
- \$6,600 in VA educational loans and grants is available to each VEV each year.

#### VEV EMPLOYMENT

We share the caucus' concern with the need to improve our existing employment programs for veterans and to better target our resources to serve those most in need. To achieve this objective we have taken the following action:

- A redesign of the HIRE program to make it exclusively for veterans. \$90 million is available to CETA prime sponsors to provide training and jobs to veterans with priority of service going to disabled, minority and Vietnam-era veterans.
- The establishment of an interagency Veterans Federal Coordinating Committee, composed of representatives of seven agencies, operating under the direction of the Domestic Policy Staff and OMB, and responsible for improving the delivery of services to those VEVs facing readjustment difficulties and implementing other PRM directives.

In addition our recommendations to you in the PRM call for:

- undertaking a comprehensive review and seek improvements in the overall system for delivery of employment services to veterans;
- implementing a variety of actions to improve the participation of Veterans in all CETA programs;
- continuing to operate a national HIRE program for Veterans at the \$40 million level;
- continuing to support special outreach programs for Veterans operated by NAB and selected community-based organizations;

- ° improving coordination of Department of Labor and Veterans Administration employment related programs;
- ° maintaining the Disabled Veterans Outreach Program at the current staff level of 2000.

In response to the caucus's concern with underemployment, it is important to note that both the personal incomes of VEV's and the incomes of families headed by VEV's are higher than those for their non-veteran counterparts.

#### GI BILL

The Administration has already supported and advanced the following initiatives:

- ° Proposed funding the Veterans Cost of Instruction (VCI), an outreach and counselling program, \$23 million for FY 1978 and \$19 in FY 1979;
- ° A comprehensive study on the usage of the Bill; and
- ° Increased outreach efforts, like "Operation Boost", to VEV's who are underutilizing their benefits.

Furthermore, we recommended to you in the PRM that we submit legislation to extend the delimiting date for those VEV's who are educationally disadvantaged and/or in need.

#### VEV IMAGE PROBLEMS

There is no single project or program that can attack this difficult problem. We did propose, in the PRM, that we:

- ° Establish an interagency Veterans Federal Coordinating Committee; this would indicate to the public the level of Presidential concern for the problems of VEV's;
- ° Bury the remains of an unknown VEV in Arlington's Tomb of the Unknown Soldier, perhaps as part of a series of events this Veterans Day, which focuses on VEV's;
- ° Institute a survey of public attitudes toward VEV's. This study could go a long way toward pinpointing where and why the public holds the VEV in low esteem.

## Background on Veterans' Preference

The civil service reform bill has now been reported by committee in both Houses. The House Post Office & Civil Service Committee (by a vote of 16-9) has included a provision limiting veterans' preference for non-disabled veterans to a one-time successful use within the first 15 years of discharge. The Senate Governmental Affairs Committee narrowly defeated (7-9) such a proposal.

Rep. James Hanley (D-NY) is expected to offer a floor amendment striking the veterans' preference modifications. The Administration will fight to retain them.

A central purpose of the proposed 15-year limitation is to channel job preferences to the Vietnam-era and all disabled veterans. Today, approximately 50 percent of all veteran hires by the Federal government are either pre-Vietnam veterans or military retirees. These older veterans are therefore directly competing with the younger Vietnam veterans, who need the readjustment job opportunities most.

The purpose of the one-time use limitation is to eliminate the significant competition by older veterans who have already used their veterans' preference successfully and then utilize their "insider" knowledge of the system to clog other job registers as other job opportunities develop. This precludes younger veterans without civilian experience from competing effectively.

Our objective in this meeting is to obtain the Caucus's public endorsement of the Administration's proposals. Such an endorsement would be the single most important step we could take in countering the opposition of the organized veterans groups to the proposed modifications. (For your own information, we are still trying to neutralize the disabled veterans on this issue.)

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Rep. Bonior would like to make a brief (4 minute) statement at the beginning of the meeting, and then be able to recognize several other members of the Caucus.

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Be sure to personally thank Senator Heinz for the way he managed the IMF bill.

## Participants

### Representatives:

Les Aspin (D-Wisconsin-1). Committees: Armed Services (#15), Government Operations (#22). Served in the U.S. Army. Wife: Maureen.

Dave Bonior (D-Michigan-12). Chairman, Vietnam Veterans Caucus. Committees: Merchant Marine & Fisheries (#27), Public Works & Transportation (#23). Served in the U.S. Air Force. Wife: Sybil.

John Cavanaugh (D-Nebraska-2). Committees: Banking, Finance & Urban Affairs (#26), International Relations (#25). Served in the U.S. Army. Wife: Kate.

David Cornwell (D-Indiana-8). Committee: Public Works & Transportation (#21). Served in the U.S. Army. Wife: Jane.

Chris Dodd (D-Connecticut-2). Committee: Rules (#11). Served in the U.S. Army. Wife: Susan.

Allen Ertel (D-Pennsylvania-17). Committees: Judiciary (#21), Public Works & Transportation (#24). Served in the U.S. Navy. Wife: Catharine.

Albert Gore (D-Tennessee-4). Committees: Interstate & Foreign Commerce (#28), Science & Technology (#25). Served in the U.S. Army. Wife: Tipper.

Tom Harkin (D-Iowa-5). Committees: Agriculture (#16), Science & Technology (#11). Served in the U.S. Navy. Wife: Ruth.

John LaFalce (D-New York-36). Committees: Banking, Finance & Urban Affairs (#15), Small Business (#11) -- Chairman, Subcommittee on Capital, Investment & Business Opportunities. Served in the U.S. Army and received the Army Commendation Medal.

John Murtha (D-Pennsylvania-12). Committee: Appropriations (#28). Served in the Marine Corps in both Korea and Vietnam. Wife: Joyce.

Leon Panetta (D-California-16). Committees: Agriculture (#23), House Administration (#16). Served in the U.S. Army and received the Army Commendation Medal. Wife: Sylvia.

Larry Pressler (R-South Dakota-1). Running for the U.S. Senate. Committees: Education & Labor (#7), Small Business (#10). Served in the U.S. Army.



## Participants

### Senator

John Heinz (R-Pennsylvania). Committees: Banking, Housing & Urban Affairs (#4) -- Ranking Minority Member on Production & Stabilization Subcommittee, Ranking Minority Member on International Finance; Budget (#6); Governmental Affairs (#7) -- Ranking Minority Member on Federal Spending Practices & Open Government Subcommittee and Ranking Minority Member on Civil Service & General Services Subcommittee. Wife: Teresa.  
Note: You should also personally thank Heinz for the way he managed the IMF bill.

9:00 AM

THE WHITE HOUSE  
WASHINGTON

MEETING ON NUCLEAR CARRIER

Tuesday, August 1  
9:00 a.m.  
Oval Office

From: James T. McIntyre, Jr.  
Frank Moore

JMCI/Hamer

I. PURPOSE

To ask Chairman Mahon and Representative Jack Edwards to co-sponsor a floor amendment to delete funding for the nuclear carrier from the Defense Appropriation Bill.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background. Last Thursday, the House Appropriations Committee failed (24 to 28) to substitute a CVV for a CVN in the FY '79 Defense Appropriations per Bill Burlison's amendment, which the Administration supported. Surprisingly, an earlier effort by Congressman Yates simply to delete the CVN failed on a tie vote, 26-26. Chairman Mahon, apparently as a result of your and Secretary Brown's urging, voted with us on the Burlison and Yates amendments. Chairman Mahon did speak on behalf of the amendments, and his support was crucial to our efforts.

The Defense Appropriations Bill is scheduled for floor action Thursday. At this time, Congressman Yates plans to offer his amendment. Congressman Burlison plans to hold his amendment back and offer it after action on the Yates amendment, if needed. Congressman Burlison believes his amendment has a better chance of passing. After much discussion, we -- along with Secretary Brown -- have concluded that we should place our effort in support of the Yates amendment, i.e., the straight deletion of the CVN, with no substitute. Our arguments are as follows:

- Although we are committed to the CVV, it makes no sense to appropriate FY 79 funds for construction, since design work is not yet completed. The CVV should be funded in FY 80, as called for in our Five-Year Plan.
- In addition to the CVV design issue, the situation at Newport News Shipyard is such that it is prudent to defer until 1980 any carrier construction (CVV or CVN). CVN 70, the VINSON, four years into construction, is still being built under a "letter contract," with no agreed upon final contract terms or price. We should settle that matter before committing to construction of the next carrier.
- There will certainly be an effort to make an across-the-board reduction in the DOD Appropriation Bill, as has been done on other such bills. It is difficult to assess the likelihood of success of such an effort. It seems far preferable, however, to achieve such a reduction through deletion of the CVN than through further ratcheting of our NATO programs and other portions of our budget already cut by the Congress in order to fit in the CVN.

Chairman Mahon's role on the floor votes will be crucial. If he can be persuaded to co-sponsor an amendment to delete the CVN, we believe it could pass. Congressman Yates has indicated he would willingly defer to Chairman Mahon on his amendment if the Chairman wanted to take the lead. The fact that his own committee included the CVN will influence the degree to which Mahon believes he can help us, but the tie vote may make it easier for him to do so.

Representative Edwards is suggested as the other co-sponsor. He has been most articulate in discussing Defense issues in committee and has worked well with the Administration in opposing funding for the B-1. He has a "hawk" image, which is helpful in convincing defense proponents to vote with us, especially on the minority side.

Also attached is a proposed letter from you to Chairman Mahon to clarify our position on the CVN issue. It was drafted by Secretary Brown, and includes minor revisions approved by the Secretary's staff.

B. Participants

Chairman George Mahon  
Representative Jack Edwards  
Harold Brown  
Jim McIntyre  
Frank Moore

C. Press Plan: White House photographer

III. TALKING POINTS

1. Thank Chairman Mahon and Representative Edwards for their outstanding support in our near victory in deleting the carrier last week.
2. Urge these Members to co-sponsor the amendment to delete the CVN. State that you realize that this is a difficult and emotional issue, especially for Chairman Mahon, but that it is important to you, and you hope they will help in this effort.
3. If Chairman Mahon and Congressman Edwards refuse to sponsor the amendment, ask them if they will vote for and speak in favor of the amendment if offered by someone else (presumably Yates who does not have nearly as much influence as Mahon and Edwards, especially on defense issues).

~~Attachment~~

THE WHITE HOUSE

WASHINGTON

July 31, 1978

LUNCH WITH SENATOR THOMAS EAGLETON

Tuesday, August 1, 1978  
12:00 Noon (30 minutes)  
Oval Office

From: Frank Moore *F.M./BR*

I. PURPOSE

To discuss various subjects of mutual interest.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: Since his resignation from the 1972 Democratic ticket, Senator Eagleton has concentrated on the interests of Missouri. One consequence is that he has attained almost absolute control over the Democratic Party in his state.

A key member of the Appropriations, Governmental Affairs, and Human Resources Committees, Eagleton has been very helpful in advancing the Administration's domestic programs, ranking second only to Kennedy in pro-Administration votes. Eagleton has supported the energy package (most recently the coal conversion bill), the Federal worker's wage freeze (even moving to extend that freeze to blue collar workers), and the water projects policy (although he opposed our user charge position on Missouri's Lock and Dam 26 project). He sponsored the Administration's position on veteran's preference in the Civil Service Reform Act and has generally held the line on our budget requests, including opposing a Kennedy amendment to increase the authorization for the Older Americans Act which he managed. As a member of the Governmental Affairs Committee, Eagleton strongly defended Bert Lance.

Senator Eagleton has been less supportive in foreign and defense affairs where he had already established strong positions on arms sales and defense policy. A primary sponsor of the original Turkish embargo legislation, he fought our efforts to lift the embargo last week in the Senate. Eagleton has a record of challenging military weapons systems and other defense expenditures. (He has done pioneer work in the Senate on the question of pension funds and the right of military personnel to "double dip.") At considerable political risk, since he is a strong supporter of Israel,

Eagleton voted with the Administration on the Middle East aircraft package. He is, however, a strong opponent of arms sales and has criticized the Administration for what he perceives to be a failure to live up to the promise to curb arms sales.

Eagleton is an insightful and candid observer of Senate and national politics and should offer interesting views. Should you decide to run in 1980, Senator Eagleton will be running with you and, therefore, has a stake in assuring the success of the Administration. Eagleton will probably want to emphasize the politics of the issues rather than the substance.

It is possible that the following subjects may be discussed during your meeting with the Senator:

Education: Senator Eagleton is an important factor in the Tuition Tax Credit debate in the Senate. He is pressing for immediate full funding of the appropriation for our Middle Income Student Assistance proposal -- but he is much more evasive about his commitment to oppose the tax credit. The risk, of course, is that we will absorb both the grant program and the tax credit. We have worked out a way around this dilemma with HEW by (1) Our proposing alternate "family contribution schedules" of the BOGs program -- one, more generous to middle-income students, for use if the tax credit is defeated and a second, less generous, for use if the tax credit passes; (2) Supporting enactment of the additional appropriation now; (3) As the law is written we will have the power to follow the lower schedule, and allow the additional funds to revert to the Treasury, if the credit passes. This scenario is somewhat complicated by a one-House veto over the family contribution schedule -- but HEW's lawyers say this veto is not binding.

St. Louis Airport Issue: A transportation seminar was held in St. Louis on July 20, chaired by Senator Eagleton, focusing on development of the St. Louis Airport. A resolution committing the City and State to carry out Secretary Adams' mandate to develop Lambert Field was adopted and Senator Eagleton plans to present this to the Secretary in the near future. However, the Airport Authority has been moving quickly since the decision in April 1977 to improve the airport rather than build a new \$1 billion facility in Illinois. Over \$30 million in airport bonds were sold 3 weeks ago. The Authority is planning a five-year construction and improvement program. The program consists largely of runway and taxiway construction, extension and improvement projects plus new baggage facilities. The estimated total cost of the five year program is \$81.3 million. The federal share would be \$59.8 million. The necessary federal funding will be available only if large discretionary

grants are made. The Secretary will be receiving from FAA within the next 60 days a decision package for award of discretionary funds covering a five year period. This package should be ready for Secretary Adams to announce in the early Fall.

Kansas City Union Station/IRS Project: Jack Watson's office is working with Jay Solomon and IRS on a joint development project which is important to Senator Eagleton. It would relocate most of the federal regional offices in an historic train station next to which IRS would build a processing center costing approximately \$75 million. We understand that a decision is close to being finalized, but that no official announcement or notice has been made to the Senator.

Flood Insurance: The terms of the Flood Disaster Protection Act of 1973, which HUD administers through the Flood Insurance Administration (FIA), provides that federally-regulated banks and savings and loans cannot lend money for mortgages for new construction in flood plains. There has been strong opposition to this requirement in Missouri. Last year Eagleton succeeded in amending the Flood Disaster Protection Act of 1973 to remove the ban on mortgage lending in flood plains by federally-regulated banks and S&L's. It was originally feared that this amendment would pull the teeth from the program and cause many communities to drop out. However, reports to date do not suggest that this is happening. (See attached statistics.)

More importantly, Bob Hunter, who was Acting Administrator of the FIA during most of 1977, was viewed by Eagleton as a Nader's raider type. Eagleton is very favorably impressed with Gloria Jimenez, the new FIA Administrator.

B. Participants: The President  
Senator Thomas F. Eagleton (D-Missouri)

C. Press Plan: White House Photo

### III. TALKING POINTS

A. I am sorry that we have not had an opportunity to sit down privately since I took office. You have been unselfish in your support of the Administration on such vital issues as the Middle-East arms sales and veteran's preference. I appreciate your help and the kind words you have had to say about me here in Washington and in Missouri. We have received several unsolicited reports of your public statements of support in Missouri.

- B. I particularly want to thank you for your assistance in the Agricultural Appropriations Subcommittee to cut the Whitten budget back to reasonable levels.
- C. With reference to education, you should urge Senator Eagleton to help us by opposing both an elementary and secondary and a higher education tax credit. You should tell the Senator that we will support the roughly \$1 billion needed for the expanded BOGs program, but only on the basis that it can be made administratively contingent on defeat of the tax credit.
- D. We have already notified Senator Eagleton of your upcoming trip to Missouri to address the Mid-Continent Farmers Association. You may want to invite him to accompany you.



Senator Thomas F. Eagleton

Committees: Appropriations (8)

Subcommittees: Agriculture and Related Agencies  
(Chrmn)  
Defense  
Labor, Health, Education & Welfare  
State, Justice, Commers and the  
Judiciary  
Transportation

Governmental Affairs (4)

Subcommittees: Governmental Efficiency and the  
District of Columbia (Chrmn)  
Energy, Nuclear Proliferation, and  
the Federal Services

Human Resources (6)

Subcommittees: Handicapped  
Education, Arts, and Humanities  
Aging (Chrmn)

Wife: Barbara

# NATIONAL FLOOD INSURANCE PROGRAM

## STATISTICS

NUMBER OF COMMUNITIES NATIONWIDE PARTICIPATING IN THE PROGRAM	16,006
NUMBER OF COMMUNITIES IN MISSOURI PARTICIPATING IN THE PROGRAM	430
AMOUNT OF FLOOD INSURANCE COVERAGE IN FORCE NATIONWIDE	\$41 billion
AMOUNT OF FLOOD INSURANCE COVERAGE IN FORCE IN MISSOURI	\$246 million
TOTAL NUMBER OF POLICIES IN FORCE NATIONWIDE	1.3 million
POLICIES IN FORCE IN MISSOURI	11,189

### "Problem Communities" in Missouri

Cape Girardeau -- led fight in 1975 to repeal requirements of the program. Since then, the community experienced a major flood and has modified its position.

Cassville -- scene of hearings conducted by Representative Gene Taylor and Senator Eagleton prior to 1977 amendments to the flood insurance program's legislation.

Springfield -- has expressed intent to withdraw from the program.

St. Louis -- concerns on the program's flood plain management standards.

Kansas City -- general problems with the program.

Secretary Califano

The attached was returned in the President's outbox today and is forwarded to you for your information.

Rick Hutcheson

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION  
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAF SHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
/	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE  
WASHINGTON

rick--

before everyone  
"reacts"....was at  
the top of his box  
and on his desk....  
i presume the president  
just didn't notice it.

--SSC



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D. C. 20201

12:00 Joe  
Did not see  
before meeting  
J

July 31, 1978

MEMORANDUM FOR THE PRESIDENT

I understand that you are scheduled to meet with Tom Eagleton on Tuesday, August 1. We have worked very closely and extremely cooperatively with Tom on a wide range of issues over the past 18 months.

He has been helpful in both the appropriation and authorization processes. He serves on the Appropriations Committee (and on its Labor-HEW Subcommittee) and on the Human Resources Committee. He chairs the Aging Subcommittee and is the second ranking Democrat on the Education Subcommittee of the Human Resources Committee.

Aging Legislation

At the present time, we are working with Tom on the reauthorization of the Older Americans Act.

We have problems with both the Senate and House versions of the reauthorization of the Older Americans Act, but the House bill is far more objectionable. Both bills have authorization levels which exceed our recommendations, but they are not entitlements and therefore we can fight out the funding issues in the appropriations process. Eagleton has been cooperative with us in keeping his bill free of the most objectionable features of the House bill:

- (1) The House (Brademas) bill would eliminate the exceptions with respect to age discrimination -- an action which could mean withdrawal of federal funds from many age-targeted programs. (Eagleton worked with us to assure that the exceptions were not eliminated in his bill.)
- (2) The Brademas bill creates six separate service authorities -- an action which would be inconsistent with our wish for greater flexibility and fewer categorical activities. (The Eagleton bill, as passed by the Senate, consolidates the three major service authorities in current law.)

not done

-2-

- (3) The House bill would make the Commissioner on Aging directly responsible to the Secretary instead of the Assistant Secretary for Human Development Services as is now the case.  
(Eagleton's bill would not disturb the current reporting relationship.)

Eagleton should be thanked for working cooperatively with us on the Older Americans legislation and also put on notice that we will work in conference, to the extent possible, to lower the authorization levels in the conference compromise. We will continue to support the Senator in conference against the \$100 million "meals on wheels" amendment adopted on the Senate floor. That amendment was sponsored by Senator Kennedy.

#### Impact Aid

You will recall that during the House consideration of the Elementary and Secondary Education legislation, we were successful in putting together an amendment offered by Carl Perkins to reduce the impact aid authorization figure by about \$200 million. That amendment had the support of the education groups who were reacting to our suggestions that the bill, as reported by the Education and Labor Committee, might be a candidate for a veto.

*done*

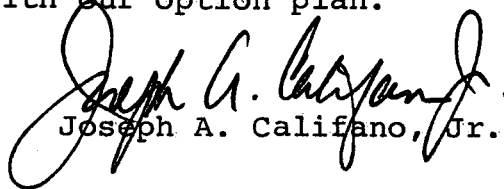
We have been working with Senator Eagleton on a comparable package to be offered on the Senate floor. We are hopeful that the package, when it is finally worked out, will be supported by the education groups.

#### Family Contribution Schedule (BEOGs)

Senator Eagleton has been one of the key Members of Congress most interested in our decision with respect to the family contribution schedule for the BEOGs program.

He pushed in the Labor-HEW Appropriations Subcommittee for the full \$3.1 billion appropriation for the BEOGs program, as requested in our amended budget, to reflect our middle income student assistance package. Action on the funding level for BEOGs was deferred for consideration in the full Appropriations Committee. Eagleton will lead the fight for that level of funding when the issue is taken up in the full Committee markup now expected to begin the week of August 7.

We have suggested proposing a dual option family contribution schedule which would assure that we would not be faced with the possibility of both an enacted tuition tax credit and the higher BEOGs appropriations level. Eagleton and his colleagues who have communicated with you on this subject (see attached letter) would prefer that we send up a contribution schedule which solely reflects the full BEOGs figure. If that were to be done, however, circumstances could result under which we were faced with a tuition tax credit and a BEOGs appropriation (\$3.1 billion) which includes the request for the middle income student assistance proposal. Eagleton will reluctantly go along with our option plan.

  
Joseph A. Califano, Jr.

Mr. President -

Tom Eagleton has been  
a big supporter -- one  
of our best.

Joe



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THE WHITE HOUSE  
WASHINGTON

August 1, 1978

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Frank Moore

Congress of the United States  
House of Representatives  
Washington, D.C. 20515

Sta  
J

August 1, 1978

President Jimmy Carter  
The White House  
1600 Pennsylvania Ave. N.W.  
Washington, D.C.

Dear Mr. President:

We as Members of Congress, who are also Viet Nam era veterans, wish to commend you for the steps which you have taken during your Administration to begin to address the discrepancies between the treatment of Viet Nam era veterans and the veterans of wars past. Your concern for the special problems of Viet Nam veterans predated your arrival at the Oval Office and is evidenced by the Presidential Review Memorandum on Viet Nam veterans which you ordered in February of this year.

One of the earliest acts of your Administration was the announcement of a pardon program for those who elected not to serve in Viet Nam. We feel that the problems of those who did serve deserve just as urgent a priority. Your strong moral leadership is now sorely needed if justice for the Viet Nam veteran is to become a reality.

It might be useful at this time to present some of the unaddressed problems facing many Viet Nam veterans today.

Employment: First, while we believe your Administration has made progress in the area of unemployment of Viet Nam veterans, we are concerned that the new methodology applied by the Bureau of Labor Statistics to employment may misconstrue the employment picture of veterans. In any case, it does not reflect the high degree of underemployment nor the number of those who have dropped out of the labor market.

Our concerns are heightened by VA figures which show that two million Viet Nam veterans have incomes of between \$1 and \$7,000 and that three million earn less than \$9,000. Further, 855,000 earn less than \$4,000 per year. We see this as a clear indication of underemployment.

The results of the CETA and HIRE programs would not indicate the huge three-month drop in veterans unemployment reported by BLS earlier this year. The unemployment figures for minorities remains unacceptably high.

Education: We wish to bring three major concerns to your attention.

First, we do not feel that the high usage rate of the GI Bill for Viet Nam veterans as reported by the VA reflects completion of courses or degree programs.

Secondly, the delimiting date had a prohibitive effect on many of those veterans who became eligible before the substantial increases in benefits of late 1974 and who, as a direct result, will never be able to complete their education.

Thirdly, there is a regional inequality of opportunities in the present GI Bill. The opportunities afforded to those veterans in the South and West are greater than those afforded veterans in the Northeast and Midwest due to living costs and the cost of tuition.

Health and Psychological Care: Almost fifteen years after the commencement of the Viet Nam war, the VA still does not have a psychological readjustment program for Viet Nam veterans and, in many cases, existing psychological and drug and alcohol abuse programs are woefully understaffed and underfunded. The amount requested by the VA for initiatives works out to approximately \$190,000 per state and is clearly not adequate.

Image: Mr. President, this area is one of the most serious, as it affects those who have come back and readjusted as much as those who have yet to find their place in society again. It is also an area in which your interest alone can have a moving effect on the country as a whole.

The Viet Nam veteran suffers from a negative image, largely due to the unpopularity of the war. We believe the American people became inundated by the nightly coverage of the war by the media and that they remain insensitive for the most part to the individuals who served in it. Furthermore, the media frequently chooses to stereotype the Viet Nam veteran in a distorted manner in their portrayal on television and in movies. It is only through a concerted effort that we can help to turn this image around and dispel the bitterness and resentment felt by Viet Nam veterans about the lack of national respect for the honorable service which they rendered to this country. Like the regularity of the nightly news, this may call for frequent and positive exposure to a new image of the Viet Nam veteran. Further, the long-term effects of alienating a generation of American veterans should be obvious.

Recommendations: We are prepared to offer a Viet Nam veterans readjustment act, which would be a bill designed to begin dealing with some of the above problems. We are hopeful that our recommendations parallel those you will receive in the President's Review Memorandum on Viet Nam veterans.

In attempting to place the Viet Nam veteran on parity with other war veterans, it is possible that fair and equal treatment may require more diverse benefits than those which were provided for other veterans. If earlier veterans received full education benefits, so should Viet Nam veterans. However, this may mean extending the delimiting date and providing a tuition equalizer to correct regional inequities in benefits. We cannot merely look at the needs of an earlier generation to determine whether we are meeting the needs of this group of veterans.

Substantial new sums must be committed to programs for Viet Nam veterans. If we can spend \$100 billion by the end of the century on a new pension bill, then certainly we have the money for readjustment programs which have been given a higher priority by the House Budget Committee and numerous other studies.

Our recommendations then would be as follows:

Employment: In addition to the full retention of HIRE funds for veterans employment, we recommend a tax credit for employers who hire Viet Nam era veterans similar to the one which passed the House Ways and Means Committee last week and a job voucher program that could utilize a portion of GI Bill education benefits.

Education: Recognizing that the \$2.6 billion (FY '70) GI Bill remains the single most effective readjustment tool for veterans, we would recommend an extension of the delimiting date until 1983, a tuition equalizer for various regions of the country, and an elimination of the state's matching funds requirement as a condition for federal loan forgiveness.

Health and Psychological: We feel that the psychological counseling and drug and alcohol abuse treatment program is a funding priority that should at least be doubled in scope. Additionally, we feel that the veteran should be able to seek the services of community and private counseling to be reimbursed by the VA.

Image: Mr. President, we have introduced a Resolution which would call upon you to issue a proclamation designating the period from November 11, 1978 through November 17, 1978 as "Viet Nam Veterans Week" and through the Executive Office to call upon the people of the United States and interested groups and organizations to observe such a week with appropriate ceremonies and activities. This could perhaps culminate in a White House dinner for a group of Viet Nam veterans and a national address by the President. We know that you share our desire to express our gratitude to those who gave a substantial portion of their lives at their government's behest and in the name of the people of the United States of America.


In conclusion, we are well-aware of the constraints with which you must deal. Part of the problem in the past may have been that


although constructive rhetoric emanated both from the halls of Congress and those of the Executive Office, there was really no effective legislative advocate of the Viet Nam veteran. We intend to correct this inadequacy within our own branch of government.

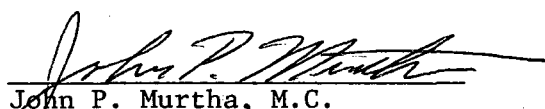
Our group can be counted upon to be a dependable resource for any new and substantive programs that you send to the Congress as a result of your study and dedication to this problem. We look forward to co-operating with you in meeting our mutual responsibility to these people.

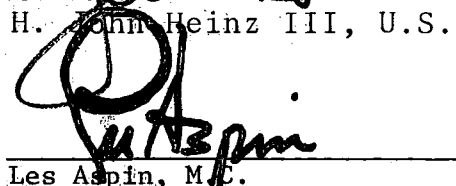
With best wishes.

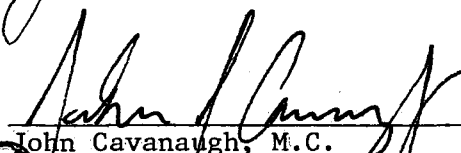
Sincerely,

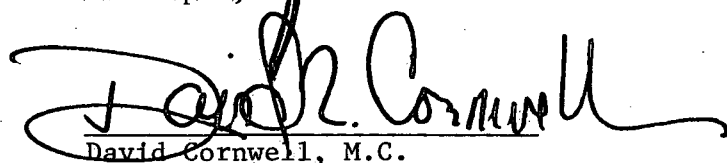
  
David E. Bonior, M.C.

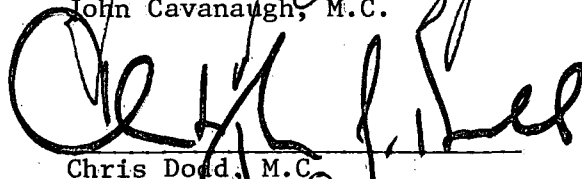
  
H. John Heinz III, U.S.S.

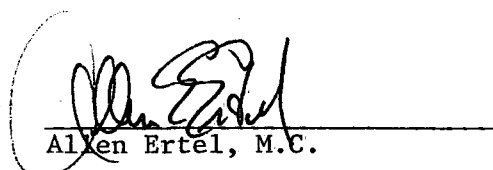
  
John P. Murtha, M.C.

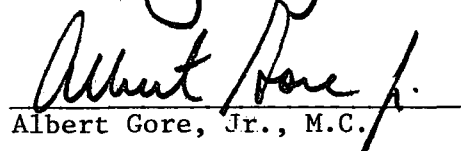
  
Les Aspin, M.C.

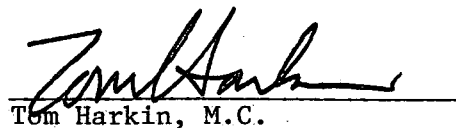
  
John Cavanaugh, M.C.

  
David Cornwell, M.C.

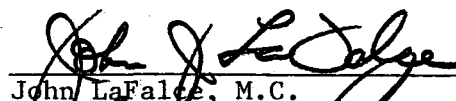
  
Chris Dodd, M.C.

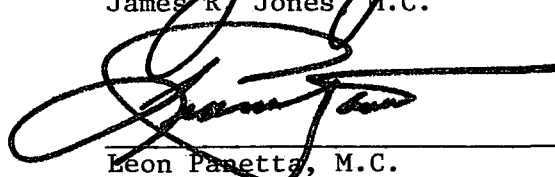
  
Allen Ertel, M.C.

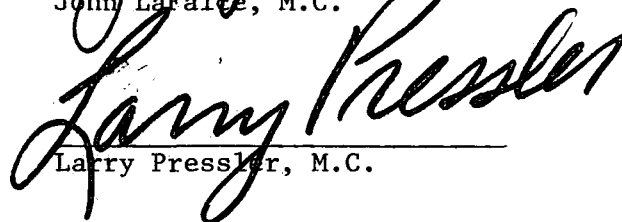
  
Albert Gore, Jr., M.C.

  
Tom Harkin, M.C.

  
James R. Jones, M.C.

  
John LaFalce, M.C.

  
Leon Panetta, M.C.

  
Larry Pressler, M.C.

THE WHITE HOUSE  
WASHINGTON

August 1, 1978

The Vice President

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

cc: Jack Watson  
Bunny Mitchell  
Phil Wise

CALL TO V. JORDAN

THE WHITE HOUSE  
WASHINGTON

Mr. President:

Vernon Jordan is now  
in Los Angeles.

Phil

THE WHITE HOUSE  
WASHINGTON

July 31, 1978

*Fritz &  
Jack can  
do this -  
J*

MEMORANDUM FOR:

PHIL WISE

FROM:

BUNNY MITCHELL 

The President indicated he wanted to speak with Vernon Jordan prior to the start of the Urban League Conference on Sunday, August 6th.

Vernon can be reached in Los Angeles at the following number:

(213) 629-4321  
Ext. 1678, 79, or 80

A message for him can be left at the Convention Center:

(213) 625-7971

He is expecting the President's call and indicated his speech will focus on "The Congress".



THE WHITE HOUSE  
WASHINGTON

August 1, 1978

The Vice President  
Hamilton Jordan  
Stu Eizenstat  
Tim Kraft  
Bob Lipshutz  
Frank Moore  
Jack Watson  
Jody Powell  
Anne Wexler  
Jim McIntyre  
Hugh Carter  
Jerry Rafshoon

Re: Cabinet Summaries

The attached were returned in the President's  
outbox today and are forwarded to you  
for your personal information.

Rick Hutcheson

EYES ONLY

CONFIDENTIAL  
ATTACHMENT



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C

United States  
Environmental Protection Agency  
Washington, D.C. 20460

July 28, 1978

The Administrator

WEEKLY REPORT TO THE PRESIDENT

FROM: Douglas M. Costle

A handwritten signature, likely of Douglas M. Costle, is written over the "FROM:" line and extends into the first paragraph.

House and Senate conferees agreed last week on amendments to the pesticide act. These contain all the major features of the Administration's proposal offered last March. The amendments will significantly streamline the pesticide approval and review process and permit public review of health and safety data. We succeeded in having a House amendment deleted which would have permitted a One-House veto of individual regulations, but expect a floor fight (probably) during the week of July 31.

We are approaching a very important decision on what air pollution control equipment will be required for new coal-fired electric power plants. The law requires best available control technology which many people interpret to mean scrubbers. One key issue is whether scrubbers are sufficiently reliable and effective. This may well be the most controversial decision that I have to make this year. Because of its importance, I want to make sure that scrubbers truly work and are effective. To this end:

- I am personally visiting various scrubber installations in this country to observe how well they are working;
- We have an independent contractor undertaking a continuing audit of the effectiveness and reliability of every scrubber installation in the United States.
- We have completed a detailed study of scrubbers in Japan which found that their equipment is operating well on a continuing basis on large coal-fired (which present the most difficult control problem) and oil-fired power plants.
- Working with NATO-CCMS, we are surveying scrubber installations elsewhere around the world to determine the effectiveness and reliability of different types of units.
- Under bilateral agreements with Japan and West Germany, we are exchanging technical expertise on scrubber construction, installation and operation.

**Community Services Administration** WASHINGTON, D.C. 20506



C

MEMORANDUM TO THE PRESIDENT

July 28, 1978

Attention: Rick Hutcheson, Staff Secretary

FROM: Graciela (Grace) Olivarez, Director

*Handwritten signature: G.O. Olivarez*

SUBJECT: Weekly Report of Significant Agency Activities  
(July 24 - 28, 1978)

CSA Reauthorization

By a vote of 346 to 38, the House Wednesday passed the CSA reauthorization bill, H.R. 7577. As proposed by the Administration, the House adopted the 80-20 ratio for federal and non-federal financial contributions and, by a vote of 254 to 158, rejected the Goodling amendment, which would have retained the current 60-40 ratio. Senate action is expected early next week. No amendments are anticipated.

Small Farms Conference

The first of five regional sessions of the CSA/USDA Small Farms Conference was conducted this week in Montgomery, Alabama, with 101 small farmers from 12 states and Puerto Rico participating in the conference. They identified program improvements and other efficiencies in the design and delivery of resources to small farmers and they took initial steps to implement these improvements at state and local levels in the Southeast. More than 150 persons representing state, local and federal agencies, the private sector and community-based organizations were at the session as observers.

The Community Development Corporation of Kansas City

The Community Development Corporation of Kansas City (CDC-KC), together with the Reverend Jesse Jackson, Senator Thomas Eagleton and CSA Deputy Director William Allison, today are celebrating the many successes which this CDC has experienced during its first ten months. During this short period, it has acquired many new businesses, including: Alpha Plastics, which counts Bell Telephone as one of its clients; Builders' Block, with estimated 1978 sales of more than \$1.7 million; Newspaper Electronics; an office building; and the Seven Oaks Shopping Center, the only shopping center in the CDC's impact area.

Summer Sports for Handicapped Youngsters

A CSA summer sports program for the handicapped has opened at Sacramento State University in California. The five-week program is designed to teach 50 wheelchaired youngsters the art of self-defense as well as basketball, football and archery. These 50 handicapped youngsters are among 350 youths participating in the Sacramento program, which CSA funded through the National Collegiate Athletic Association. A similar program is being operated by the LeMoyne Owen College in Memphis.

THE SPECIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS  
WASHINGTON  
20506

C  
/

July 29, 1978

MEMORANDUM FOR THE PRESIDENT

From: Ambassador Robert S. Strauss

RS

Subject: Weekly Summary

The Europeans are all on vacation and the progress in the MTN has stopped till Labor Day. Domestically, I spent a full morning with the Senate Finance Committee. We are slowly developing the point of view that there will be far more pluses than minuses in the MTN.

I have been talking to people in the private sector familiar with export problems and they have developed, with and for me, a possible high-level Presidential Commission on Exports. It would be comparable to the Hoover and Paley Commissions in structure. I don't like commissions, but in my judgment, properly structured, this might make a real contribution toward solving a very complex problem that money will not solve. I have sent a draft of such a Commission as submitted to me to Juanita Kreps and Stu. I think you would find it worth looking at if you care to get a copy from Stu.

On inflation, Lee Kling continues to make as much progress as possible in dealing with companies and trade associations on a broad basis. We spend a good deal of time with Charlie, Bosworth and others, including at the EPG level, searching for more substantive additions to the program. Hopefully, they will be produced.

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THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

July 28, 1978

F.Y.I.

C

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

I have enclosed a separate memorandum on the tax bill passed by Ways and Means Thursday.

1. SUMMIT FOLLOW-UP

Following three days of Cabinet meetings, Chancellor Schmidt this morning announced a stimulus program incorporating an 8.4 percent increase in the FY 1979 Federal Budget. The net value of the tax changes and the Federal expenditure increase above the original FY 1979 draft budget equals 0.9 percent of estimated 1978 nominal GNP, which is consistent with Summit commitment to "quantitatively substantial measures up to 1 percent of GNP". The program includes an increase of 25 percent in spending levels over the 6 percent "normal" increase in the FY 1979 Budget as originally drafted. The new expenditures are mainly new technology programs and new social measures. The bulk of the program consists of tax cuts and reforms in FY 1979 and FY 1980. Some of the negative revenue effect of these cuts will be offset by a rise in Value Added Tax, proposed for July 1, 1979.

2. THE DOLLAR

The Japanese yen again reached new record high levels against the dollar and other currencies, despite substantial intervention by the Bank of Japan. The improvement in the U.S. trade figures in June did not discourage demand for yen, in part because our trade deficit with Japan remained large. There has been public discussion in Tokyo of the yen rising to 180 against the dollar. The German mark remained near last week's levels against the dollar, and the Treasury and Federal Reserve continued to make further repayments of swap indebtedness to the Bundesbank.

### 3. BUDGET CUT

By proposing the \$5 billion cut in the FY 1979 budget, we have successfully avoided an awkward, defensive posture on the spending issue. With the projected FY 1979 deficit now in the \$40-45 billion range, I hope we can do considerably better than \$37 billion for FY 1980. The EPG will be looking into the 1979-1980 outlook again over the next few weeks.

### 4. CANADIAN SUBSIDIES TO U.S. AUTO FIRMS

The Canadians have offered generous cash grants to both Ford and General Motors to locate major plants in Canada. They argue that such steps are needed to counter the subsidies offered by our states, notably Pennsylvania and Ohio, but Federal offers of this type would escalate the subsidy battle substantially.

I have asked the Canadian Finance Minister to freeze any action until our governments can consult on the issue. The Canadians have not withdrawn their offers, so I have informed Ford (whose decision is imminent) that it runs important dangers in accepting. We expect to begin consultations early next week.

### 5. HUMAN RIGHTS AND U.S. PRIVATE BANKS

Senator Kennedy offered an amendment this week to the security assistance legislation requiring me to report semi-annually on the lending of U.S. private banks to countries which we designate as human rights violators. Following up your statement on the subject in Brazil, Bill Miller and I urged Kennedy to desist and made known our opposition to the bill both substantively and because it had not been subjected to hearings and careful consideration. Kennedy withdrew the bill from floor consideration after Church and Stevenson agreed to hold early hearings on it by the Banking and Foreign Relations Committees.

### 6. NEWS

I met with some of the top executives of Time, Inc. this week and was impressed with their plans for the Washington Star. They plan to give the Washington Post a good run for the money.

*File*

W. Michael Blumenthal

Enclosure



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THE SECRETARY OF THE TREASURY  
WASHINGTON

July 28, 1978

MEMORANDUM FOR THE PRESIDENT

From: W. Michael Blumenthal

W. M. B.

Subject: Tax Bill Adopted by Ways and Means Committee

On July 27, 1978, the House Ways and Means Committee adopted a bill that would reduce taxes by about \$16 billion for calendar year 1979 (\$18.6 billion if the expiration of existing jobs credit is not considered a revenue gainer). This \$16 billion figure comprises an individual cut of approximately \$10.5 billion, a corporate cut of \$3.8 billion, and a \$1.8 billion reduction in capital gains taxes. The bill contains only a few of the reform items recommended in your tax program.

The bill as passed is an amended version of the "Jones compromise", with two provisions that improve the original to a limited extent:

(1) A new 10 percent alternative minimum tax for capital gains would be provided to ensure that everyone with large capital gains would pay some tax (at a minimum rate of about 5 percent on total gains).

(2) Homeowners would be permitted a one-time exclusion of \$100,000 of capital gain, with the current tax-free rollover provision being retained. This provision would direct more capital gains relief to middle-income persons than the original Jones proposal.

At least two aspects of the Ways and Means Bill are worse than the original Jones compromise:

(1) The total reduction in capital gains taxes was increased from about \$1.2 billion to \$1.8 billion.

(2) In addition to the new homeowner exclusion, the bill provides that stock, real estate, and certain other assets be eligible for an inflation adjustment after 1979.

I will be meeting early next week with the Speaker, the rest of the House leadership, and others to develop the best tactics for floor action. I will keep you apprised of these discussions.



THE DEPUTY SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

C

July 28, 1978

MEMORANDUM FOR THE PRESIDENT

ATTENTION: Rick Hutcheson, Staff Secretary  
FROM: Alan Butcher *Alan Butcher*  
SUBJECT: Significant Issues for the Week of July 24

Aviation - In the House, the Rules Committee will vote on the Noise bill on Tuesday, but has not scheduled a hearing on Regulatory Reform. The Secretary has asked for a meeting with the Speaker on Tuesday in order to urge prompt action on the Regulatory Reform bill.

In the Senate, Senator Long has temporarily delayed the Aviation Noise Reduction bill, pending a hearing before the Finance Committee. The Senator does not object to the substance of the bill but has concerns about air service to New Orleans. The Secretary will discuss this with him.

No-Fault Insurance - This week the full House Interstate Commerce Committee began mark-up on No-Fault Automobile Insurance legislation. They are likely to vote the legislation either up or down in the next 10 days. The vote looks very close. If the bill is reported favorably to the full House, the Administration should then step up its efforts to assure its enactment during this session. The Senate Commerce Committee has already reported the No-Fault bill to the full Senate.



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THE SECRETARY OF COMMERCE  
WASHINGTON, D.C. 20230

①

July 28, 1978

FYI

REPORT TO THE PRESIDENT

Our merchandise trade performance for last month warrants special comment:

- o The improvement in June's monthly trade figures is a welcome sign. The \$1.6 billion deficit is the lowest monthly figure in 1978 and represents the second straight month of improvement. Part of the improvement reflects the beginning of an adjustment to earlier exchange rate changes. Part is explained by a cessation of temporary factors, such as substantial imports in previous months in anticipation of the steel trigger price system. Although we can expect to see some further improvements as a result of earlier exchange rate changes, a steady run of sharp drops in the deficit is unlikely.
- o We must not allow the improvement in June's figures to generate complacency, particularly with respect to our trade in manufactured goods. Manufactures are two-thirds of our exports and one-half of our imports. Our manufactured goods trade was in surplus by \$12 billion in 1976. That surplus fell to \$3 billion in 1977. Our deficit in manufactures trade in the first half of this year was at an annual rate of \$10.5 billion.
- o Our trade in manufactures has improved in recent months, and for the year as a whole our manufactures deficit will almost certainly be smaller than the \$10.5 billion figure. Nonetheless, the final figure will be a long way from the manufactures surplus required to help offset our oil imports. Growth in manufactured exports, though strengthening in recent months, still remains inadequate to restore our international market position.
- o While we are hopeful that the trade numbers will continue to improve, too much confidence should not be placed in the June figures. The important thing is to seek conditions that will restore U.S. manufactures trade to surplus through a healthy, broad based, and firmly founded export expansion. This is the principal objective of the recommendations which I forwarded to you this week as Chairperson of the Export Policy Task Force.

  
Juanita M. Kreps



Office of the Attorney General  
Washington, D. C. 20530

July 28, 1978

Principal Activities of the Department of Justice  
for the week of July 24 through July 28

1. Wiretap Legislation

H.R. 7308, the "foreign Intelligence wiretap bill", is expected to come to the floor the week of August 7. Representatives Boland and Kastenmeier will share the time on the floor. The House Intelligence Committee hosted a breakfast for 50-60 key House members to brief them on the bill with FBI Director Webster and Admirals Inman and Turner participating.

2. Institutions Bill

H.R. 9400 passed the House floor this week. It has emerged from the Senate Judiciary Committee 11-6. This bill deals with protecting the constitutional rights of those in mental institutions, jails and prisons.

3. Magistrates

The DOJ bill expanding the civil and criminal authority of magistrates is currently in the Rules Committee. It has passed the Senate.

4. Diversity

The Senate Subcommittee on Improvements in Judicial Machinery is trying to find a way to report out the DOJ bill curtailing diversity jurisdiction of Federal courts, despite a two (2) yes (Senators DeConcini and Byrd) and two (2) no (Senators Wallop and Biden) vote. The bill, which has passed the House, would have a good chance in the full Senate Judiciary Committee, if it could get on the agenda. The ABA, especially state bar associations, have intensively lobbied against it.

5. Federal Tort Claims Act

Chairman Danielson's subcommittee reported the bill last week without any disciplinary amendment. This week Senator Metzenbaum's subcommittee voted it out without recommendation

(3-0) with not only a disciplinary amendment but election of remedies for Presidential appointees and former government employees.

6. Illinois Brick Legislation

This bill, overturning the Illinois Brick case, is out of committee in both House and Senate and ready for floor action. However, because of extremely active lobbying by the Business Roundtable, etc., it will be controversial and Senators Hatch and Thurmond have put a "hold" on it.

7. Omnibus Judgeship Bill

On July 26, House and Senate Conferees met to resolve the remaining differences between the Senate and House-passed versions of the omnibus judgeship legislation, H.R. 7843. The major topic of discussion was the provision in the Senate-passed version of the bill which would designate Alabama, Florida, Georgia, Mississippi and the Canal Zone as the Fifth Circuit and Louisiana and Texas as the Eleventh Circuit. It was clearly established during the conference committee sessions last May that the House conferees would not accept the provision in the Senate bill which would split the Fifth Circuit. Accordingly, the July 26 meeting was devoted to a discussion of various compromise formulas which might be acceptable to both the House and Senate conferees. However, nothing was resolved during the meeting. The conferees adjourned in an effort to seek a solution through informal contacts and staff work prior to another meeting.

8. U. S. Attorney Conference

The second conference this year among a portion of the U. S. Attorneys and top Department of Justice officials was held Sunday-Wednesday in Charleston, South Carolina. This conference was attended by over thirty U. S. Attorneys from the medium sized offices. A general view was expressed that the President's standing in each of their home areas was much better than they understood was being reported by the Washington media.

9. The Attorney General returns from his Australia-New Zealand trip Monday.



THE SECRETARY OF DEFENSE  
WASHINGTON, D.C. 20301

July 28, 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary of Defense  
(July 22-28, 1978)

U.S.-Korea Security Consultative Meeting: Yesterday I returned from San Diego, site of this year's annual meeting with the Koreans (headed by Defense Minister Ro) on security arrangements. Although the Koreans tabled some requests for additional equipment, they did not press hard, and there were no significant disagreements. They were pleased about the prospects for early passage of the equipment transfer authority. The relaxed and businesslike atmosphere of the meetings suggests that they are reasonably comfortable at present with the U.S.-Korean defense relationship. Preparation for a U.S.-Korean combined military command is proceeding well. There remain some issues of schedule of equipment transfers and particular U.S. unit withdrawals which we will probably need to address later this summer.

Cruise Missile Test: The day after the unsuccessful test of two submarine-launched cruise missiles I visited the General Dynamics assembly plant and examined one of the recovered missiles. The malfunction in each case was that the rocket assembly which boosts the missile from underwater failed to detach and permit the air-breathing propulsion system to take over. This probably results from water leakage that prevents proper operation of the squibs that separate the booster after it has functioned. Such a problem (which does not affect the air-launched version) should be reasonably easily correctable. I emphasized to the press after the tests that any meaningful test program will likely involve failures, and that we are an open society willing to let these be observed. I think that in general the press got the point--particularly since they remembered the successful tests of the air-launched version at White Sands last month. An air-launched cruise missile was successfully launched today at White Sands; it completed a scheduled 107-minute flight without incident.

Hearing on Narcotics Abuse and Control: Yesterday Charles testified before Lester Wolff's Select Committee on Narcotics Abuse and Control. The hearing went extremely well: Charles presented a new twelve-point program to deal with drugs in the military, and succeeded in putting the issue back in perspective.

Meeting at Los Angeles Times: On Tuesday I spent an hour and a half with publisher Otis Chandler and the editorial board of the Los Angeles Times. Their questions reflected a general sympathy for and understanding of your national security objectives, but some concern about the strategic military balance vis-a-vis the Soviets.

Defense Appropriations Bill: As you know, the Yates Amendment to delete funds for a CVN lost on a 26-26 vote while the Burlison Amendment to fund a CVV instead of a CVN was defeated 28-24. The very close votes suggest that there still is a chance that the CVN will not be funded when the appropriations bill comes to the floor on Thursday. We continue to work closely with Frank Moore to that end.

Meeting with Minority Business Executives: On Tuesday Charles chaired the first in a series of meetings with executives of the minority business community. Charles assured the group that the Bakke decision would not dilute our commitment to increase the level of minority business contracting in DoD.

Bohemian Grove Encampment: Zbig and I both were at the Bohemian Grove Encampment in California last weekend. Zbig gave the Saturday afternoon Lakeside Talk (which I gave last year) to well over 1000 listeners. He spoke very effectively, along the lines of the presentations you and he have been making at the White House seminars. He also, I was told, spoke very effectively at a two-hour breakfast meeting for about fifty people.

Although the Bohemian Club membership is not nearly so representative of America as they would like to think, it provides an extraordinary gathering each summer of highly influential people. They can in turn be influenced by facts and sound arguments. Administration members might do so effectively next summer; I would be pleased to discuss this further with you.

Dave Packard and SALT: Separately at the Grove, Packard told me that he would like to help on SALT, assuming that he finds the agreement reasonable. I think there is a fair chance that he will, and have arranged to have him briefed when next he visits Washington.

Defense Authorization Bill: The Authorization Bill conferees reached agreement today on all items except the cruise missile carrier--final vote is scheduled for next Monday. The final figure is expected to be about \$39.9B. Although this figure is fairly close to our request (\$39.7B), there were considerable changes in the hardware mix; in particular, they added some F-14s and A-7D and E aircraft, as well as the CVN.

*Harold Brown*

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THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

July 28, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*  
SUBJECT: CEA Weekly Report

Humphrey-Hawkins. Stu Eizenstat and I, with our staffs, met with Secretary Marshall this week to discuss the Humphrey-Hawkins bill. Although we are seriously troubled by developments in the Senate affecting the bill, we all feel that the Administration ought to make a sincere and concerted effort to clean it up and achieve passage of an acceptable bill in this session.

Anti-Inflation Policy. CEA and CWPS are coordinating the work of an EPG task force that is developing in greater detail the various options for further steps in the anti-inflation effort that I discussed with you this morning.

Carcinogen Policy. Over the next year, various regulatory agencies will be addressing the problem of regulating suspected carcinogens. OSHA is in the process of designing a fundamental set of regulatory policies. Other agencies are also beginning to move on this problem. Very often scientific information on the risks associated with a presumed carcinogen is very poor, and data on the costs necessary to reduce those risks are scant or unavailable. As a result, a great deal of carcinogen regulation, even under the best of circumstances, amounts to a scientific and economic shot in the dark. How we deal with this problem may constitute the most important set of regulatory decisions of your first term. We have discussed these problems and possible approaches to handling the problem with the regulatory agencies, and with Frank Press and his staff. During the next several weeks we will be developing some options for your consideration.

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U. S. DEPARTMENT OF LABOR  
OFFICE OF THE SECRETARY  
WASHINGTON

C  
/

July 28, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall *Ray*

SUBJECT: Major Departmental Activities, July 22-28

Anti-inflation proposal. Met with the other members of the Economic Policy Group to discuss the anti-inflation proposal which I gave you last week. The general assessment was positive. We are in the process of staffing it out and will be making a presentation to you in the near future.

Tripartite group to be formed in steel industry. Juanita Kreps and I chaired a meeting on Wednesday with steel company presidents and Steelworker leaders. We agreed to form a tripartite committee in the steel industry and to meet again in 90 days. This meeting continues the progress we have made on a tripartite basis in the steel industry through such policies as the Trigger Mechanism which has reduced steel imports. It was a candid meeting in which both industry and labor acknowledged our help.

Inspection tour of Pennsylvania coal mine. Today, I am visiting a coal mine in western Pennsylvania to try to better understand the work of the Mine Safety and Health Administration.



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

C

July 27, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. *Jim*  
SUBJECT: Weekly Report

1. We are continuing to brief the senior staff and program managers of departments and agencies on our goals for the FY 80 budget. The presentations are going well and provide department officials with a general understanding of the 1980 budget situation. In addition, we are going to all ten Federal regions with members of the White House staff to brief Federal officials in the field on the FY 80 budget.
2. I met with Jack Brooks to work out a schedule for hearings on the Department of Education and the Federal Emergency Management Agency Plan. The period for amendment of the latter ends July 29, 1978. Jack sends you his regards and thanks you for all the courtesies on your Texas trip.
3. Next week I will testify before the House Government Operations Committee on the Department of Education.
4. The Inspector General Bill was reported out of the Senate Government Affairs Committee. The bill adds the Department of Defense and several other objectionable provisions, despite our strong opposition. We will try to remove these provisions on the Senate floor or in conference.
5. The Office of Federal Procurement Policy (OFPP) has been working with Anne Wexler to coordinate a variety of Administration efforts to promote minority business. Since procurement programs are at the heart of Federal efforts, we have taken the lead on this issue. A decision memo on minority business will be sent to you shortly.
6. We are assembling a report on the use of consultants, similar to last year's report. When the report is finished, we will send you a copy and meet with Jerry Rafshoon and Jody to formulate a press plan.



7. Last week I spoke to the National Association of State Budget Officers' Annual Conference at Sun Valley, Idaho. I also met in Salt Lake City with Governor Matheson of Utah and with city and county officials from Utah. Following an all-day tour of forest, water, and natural resource facilities in Idaho with Idaho state and federal officials, I held a joint press conference with Governor Evans in Boise. I received a warm welcome in both states and favorable TV and press coverage of my speech, tour, and press conference.



Department of Energy  
Washington, D.C. 20585

July 28, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM SCHLESINGER

SUBJECT: Weekly Activity Report  
July 24 - July 30, 1978

1. National Energy Act. It now appears that the draft of the natural gas bill conference report will be ready early next week, with a three-day period for public scrutiny to follow. Therefore, Senate consideration of the conference report will likely not begin until the end of next week. The Senate leadership group working on assuring passage of the conference report, which includes Senators Byrd, Cranston, Jackson, Domenici, McClure and Hatfield, continues to develop strategy. While caution is always advisable when dealing with as controversial a matter as this, I have been talking to a number of Senators previously thought to be uncommitted or leaning against cloture and/or final passage of the conference report, and have indications that Senators Heinz, Stafford, Roth, Packwood and Cannon, among others, will vote for cloture. I believe I can give a reasonable assurance that the votes will be present for both cloture and final passage; of course, we will all continue to work hard to ensure that this comes about.

2. Gulf Oil Settlement. The settlement with Gulf Oil Company, which was announced yesterday and noted in this morning's press, is an indication of the stepped-up pace of compliance activities which have resulted from establishment of an Office of Special Counsel in the Department eight months ago. More than \$1 billion in claims against major oil companies for alleged violations of price control rules, expanded audits of many of the largest U. S. refiners and direct action in the courts to bypass lengthy administrative proceedings have resulted. The Department is clearly indicating that we are not attempting to "punish" the major oil companies, but rather to effectively carry out the Congressional mandate for fair and equitable petroleum and petroleum product pricing. We believe that there are several billions of dollars in potential additional claims that will be uncovered by the Office of Special Counsel, and are proceeding to conclude all necessary actions as soon as possible and return proceeds realized from these overcharges to the Treasury and, where feasible, to individual consumers.

3. Industry and Coal. In a somewhat discouraging sign, the purchasers of industrial boilers have shifted dramatically in their choice of fuel capability in recent months. In 1977, 47 percent of all new boiler capacity had the capability to burn coal or waste. In the first four months of 1978, however, the coal/waste percentage dropped to 32 percent. Previously, the coal/waste share had been increasing. Possible factors causing the decline may include passage of the Clean Air Act amendments and uncertainty surrounding implementation requirements; delay in action on the National Energy Act, which would provide additional incentives and disincentives to encourage movement toward coal-fired boilers; and lingering effects of the recent coal strike. The Department is monitoring boiler sales data and will be able to provide more definitive analysis of industrial fuel choice this fall.

4. Omi Walden Nomination. I am pleased that the Senate has confirmed Omi Walden as Assistant Secretary for Conservation and Solar Applications, and look forward to working with her. She is currently planning to begin work full-time this coming week.

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THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

July 28, 1978

MEMORANDUM FOR: The President  
Attention: Rick Hutcheson, Staff Secretary

SUBJECT: Weekly Report of Major Departmental Activities

New Program to Expand Housing Choices for Low Income Families. The Department has allocated more than \$42 million to ten areawide planning organizations and the communities they serve to provide low income families a greater choice of area in which to live. As many as 8,000 families may be assisted through this program, which supports local efforts to deconcentrate low income families. The funds come from Section 8 housing assistance payments, supplemental Community Development Block Grant funds and supplemental comprehensive planning grant funds. The Metropolitan Washington Council of Governments was among the recipients.

Fourteen States Eligible to Receive Grants to Help Deinstitutionalize the Chronically Mentally Ill. Out of 45 States applying, Colorado, Florida, Georgia, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New York, Oregon, Pennsylvania, Rhode Island and Vermont are eligible for the joint HUD-HEW program, which assures the chronically mentally ill a more near-normal life through innovative housing and social programs. Selection of the 14 was based upon the quality of information contained in their letters of intent. These states will now invite private nonprofit sponsors to submit applications for direct funding, to be awarded by October 1.

Greater Participation of States in Disaster Relief, Small Cities CDBG Rating Process. State governments of Wisconsin, Louisiana, Mississippi and North Dakota assumed responsibility for administering temporary housing programs during recent Presidentially declared disasters in those States. This greater participation by the States is in keeping with the intent of the Federal Disaster Assistance Administration to encourage the States to become more active in disaster relief, rather than to increasingly rely on the Federal establishment.

States in Region VIII recently participated in rating the preapplications of communities seeking Small Cities Community Development Block Grant funds. State advisors commented on how the preapplications related to State growth plans, energy impactation, and how well they were coordinated with other Federal programs. This helps the Department in evaluating eligibility of specific projects.

New GNMA Fee Structure May Help Ease End-of-Year Surge in Demand for Commitments. The demand for GNMA Mortgage Purchase Commitments increased sharply this week as a new tandem fee structure became effective. Under the new structure, project developers are required to put down only .25 percent of the amount of the commitment when they apply with the remaining 1.75 percent due before the end of the Fiscal Year. The new fee structure encourages developers to apply now, rather than wait until the end of the Fiscal Year, helping to ensure a more orderly use of available funds. During this past week, \$71 million in new commitments were issued under GNMA's Section 8 Tandem Program, including the 10 percent reserve for cost increases because of inflation. In addition, \$15 million in new commitments were issued under the Targeted Tandem Program for non-Section 8 projects located in Action Grant cities and urban counties.

*Jan Harris for*  
Patricia Roberts Harris

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DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

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July 28, 1978

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson  
Staff Secretary

SUBJECT: Weekly Report

SUGAR. The Department of the Treasury, after determining that the EEC was subsidizing their sugar exports, has imposed a 10.5 cents per pound countervailing duty of EEC produced sugar entering the U.S.

TOBACCO. Georgia-Florida flue-cured tobacco growers received 50 cents per pound higher than last year during opening day sales. Growers received record high prices throughout the South. The immediate reaction by producers in these states is a proportional increase in support of the Administration.

CROP. Crop conditions generally favorable except for the West Texas drought area. No apparent problems developing anywhere.

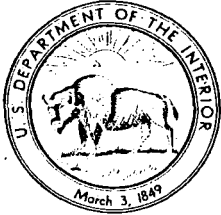
BEEF. Livestock report just published shows 7 percent reduction in cattle and calves on hand (below July 1 last year). Trade estimates show a reduction of 4-6 percent. This estimate will have bullish market price impact.

USDA. Taking top staff to West Virginia this weekend to have a Department version of the Camp David Cabinet session.

A large, stylized handwritten signature in black ink, appearing to read "Bob Bergland".

BOB BERGLAND

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THE SECRETARY OF THE INTERIOR  
WASHINGTON

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July 28, 1978

MEMORANDUM TO THE PRESIDENT

FROM: Secretary of the Interior

SUBJECT: Major Topics for the Week of July 24

Senator Stevens hasn't given us the maps for his proposal yet, but the first analysis appears to be simply opening up almost all the land to mineral entry. His acreage isn't that far off, but the hunting ploy simply won't hold water. I'll keep you advised.

Political Intelligence

I visited Congressman Mikva's district this week to present the deed to property that will be used for recreational purposes in the South Chicago suburbs. He is a loyal Carter supporter and a genuine person. His is a close race and he needs help.

Governor Lamm took us on again at the Four Corners Regional Commission meeting last week. O'Callaghan protected us, but it appears that Lamm, and probably Colorado, is a lost cause.

Our political future in the West is probably best with Hawaii, Washington, Oregon, California and New Mexico.

  
CECIL D. ANDRUS



United States of America  
General Services Administration  
Washington, D.C. 20405

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Administrator

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July 28, 1978

MEMORANDUM FOR THE PRESIDENT

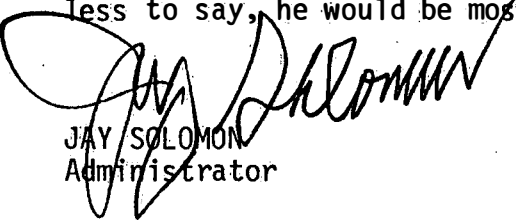
THRU: Rick Hutcheson  
SUBJECT: Weekly Report of GSA Activities

Federal Information Center Complaint Handling Project

Since the opening of the first Federal Information Center (FIC) in Atlanta, Georgia, in 1966, the program has been expanded both geographically and conceptually. GSA is now preparing to test the feasibility of using the FIC's as complaint handlers. This concept was presented to us by Jon Mills and Phyllis Bleiweiss of the Center for Governmental Responsibility at the University of Florida School of Law. The test will be conducted in the Miami and St. Petersburg, Florida, FIC's for an eighteen month period beginning October 1, 1978. In preparation for this experiment, more than 100 representatives of Federal Executive agencies met with our FIC program people on July 25 for a briefing on the test project.

U.S. Custom House on Bowling Green

We expect action in the near future by both House and Senate Public Works Committees on the prospectus for the restoration of the U.S. Custom House on Bowling Green in New York City. As you know, the Custom House is an historic building, and some kind of a ceremony there when you plan to be in New York might be good for the urban policy program. I met with Mayor Koch earlier this week, and, needless to say, he would be most enthusiastic about such an event.


  
JAY SOLOMON  
Administrator

EXECUTIVE OFFICE OF THE PRESIDENT  
COUNCIL ON ENVIRONMENTAL QUALITY  
722 JACKSON PLACE, N. W.  
WASHINGTON, D. C. 20006

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July 28, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren   
Gus Speth

SUBJECT: Weekly Status Report

1. Executive Order On Environmental Effects Abroad of Major Federal Actions. This week, we and State completed our efforts to draft an Executive Order outlining policy on when and how federal agencies should conduct analyses of their activities abroad which have significant and adverse environmental effects. Agreement has been reached on many issues, but several important issues remain unresolved.

2. NEPA and Water Resources Projects. The Senate Appropriations Subcommittee on Public Works has referred to the full Committee a proposal which would limit the application of the National Environmental Policy Act (NEPA) as it applies to water resource development activities in the Upper Colorado River Basin. The restriction would jeopardize a thorough environmental review of these water projects and would establish a very bad precedent which could lead to more extensive amendments to NEPA. We will work with Frank Moore's office and the Domestic Policy staff in developing an appropriate response.



## WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Letter	P.M. Karamanlis to Pres. Carter, w/attachments 5 pp., re:Correspondence w/foriegn Head of State	8/1/78	A
Cabinet Summaries	Andrew Young to Pres. Carter, 1 pg., re:UN activities	7/28/78	A

## FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential  
Handwriting File 8/1/78 [1] Box 97 10/25/90  
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THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D. C. 20201

July 28, 1978

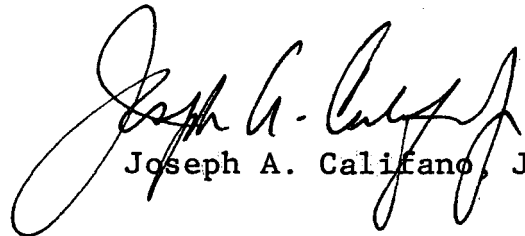
MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities in the Department of Health, Education, and Welfare:

- Anti-Inflation Activity. Last Wednesday, as part of our effort to combat rising medical costs, I issued final regulations to limit Medicare and Medicaid payments for laboratory services and medical equipment to the lowest prices at which they are widely and consistently available in a locality. Until now, higher payments have been allowed, based either on the customary price charged by a particular laboratory or supplier, or on the going rate charged in the community. These limitations should stimulate substantially increased price competition.
- Federal Council on Aging. As you know, the staffing of the Federal Council on Aging has been of concern to Nelson Cruikshank. Nelson has met with Robert Benedict, Commissioner of the Administration on Aging (AoA), and we have worked out a staffing agreement. We will through AoA provide four new people, including three professionals. With these positions, the Federal Council will have grown from six in 1975 to fourteen now. At the same time, the AoA has remained at its staff ceiling since 1972.
- Testimony on Student Assistance Programs. As I noted in an information memorandum to you several weeks ago, L. H. Fountain's human resources subcommittee of the House Government Operations Committee has been digging into the problems in the Federal student loan and grant programs. We were concerned that, during hearings held yesterday at which I testified, the subcommittee would jeopardize our Middle Income Student Assistance proposal by revealing new problems in these programs. However, by working closely with the subcommittee and by laying out in great detail the numerous steps we have taken to improve these programs since assuming office, we were able to deflect the criticism and to demonstrate that, at last, these programs are being managed aggressively.

- Medicare Payment Increase. As required by Statute, we have been forced to increase Medicare payments to physicians by five percent effective July 1. Benefit payments under Part B of Medicare will rise from \$6.7 to \$8.1 billion in the next year. Under the law, increases in prevailing charges for doctors' services are determined by an indexed formula established by Congress that follows, rather than leads, the upward spiral of health care costs.

  
Joseph A. Califano, Jr.